



STATE PARKS' FEES

For the Period July 1, 2024 – April 30, 2025

Report No. 2025-03



State of Utah

SPENCER J. COX
Governor

DEIDRE M. HENDERSON
Lieutenant Governor

Department of Natural Resources

JOEL FERRY
Executive Director

MEMORANDUM

DATE: June 16, 2025

TO: Joel Ferry
Executive Director, Department of Natural Resources

FROM: Tyson Plastow
Internal Audit Director

SUBJECT: State Parks' Fees Draft Report

The Department of Natural Resources Internal Audit has completed our audit of the Division of State Parks' (Division) Fees for the period July 1, 2024, to April 30, 2025. The objectives, scope, and procedures of this audit are outlined in this report. The audit was conducted following Global Internal Audit Standards, issued by the Institute of Internal Auditors (Standards). Internal Audit has not received an external validation and therefore cannot state the review was conducted in accordance with Standards. Internal Audit anticipates receiving an external validation in the summer of 2025, and represents that there is no material impact to this nonconformance on this final report.

This report communicates our objectives, scope, procedures, and conclusions. It is Division Management's responsibility to provide complete and accurate information. It is the internal auditors' responsibility to evaluate available evidence to reach objective and reasonable conclusions.

We have discussed the audit conclusions with the Director of State Parks and other relevant personnel. The Director of State Parks has provided a written response and action plan which we include at the end of this report.

We recognize and appreciate the cooperation and assistance of the personnel of the Division of State Parks during our audit. Please contact me if you have any questions regarding this report.

Sincerely,

A handwritten signature in dark ink, featuring a large, stylized capital 'T' followed by a series of loops and a long horizontal stroke extending to the right.

Tyson Plastow, MBA, CIA, CRMA
Internal Audit Director

cc: Nathan Schwebach, Deputy Director of Utah Department of Natural Resources,
Scott Strong, Director of State Parks

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OBJECTIVES AND SCOPE

The purpose of this audit was to:

1. Determine whether the Division's fee rates comply with rates established by the Legislature in the approved fee schedule.
2. Identify actual rates that exceed approved rates.

The audit fieldwork was conducted from April 2025 to June 2025. The scope of the audit included the Division's fees, fee processes, and its point of sales systems for the period July 1, 2024 to April 30, 2025 (Period).

- A. Reviewed all "products" in the Aspira POS system for compliance with the approved fee schedule rates.
- B. Using high-risk products identified in "A", we selected a judgmental sample of products for detailed compliance testing, and to identify excessive rates.
- C. Obtained summary reports for the Division's POS systems. We then calculated average rates, compared them to the approved rates, and estimated total excess amounts.
- D. Interviewed key personnel to obtain an understanding of key processes related to the Division's fee creation and implementation.

It is possible that had we performed additional procedures we may have identified issues not mentioned in this report. Therefore, our conclusions are limited to the scope of this engagement.

BACKGROUND:

In 2024, the Legislative Fiscal Analyst (LFA) observed that some of the fees on the Division's website appeared greater than allowed by the approved fee schedule. The LFA did not perform any in-depth work, but recommended an internal audit of the Division's fees.

Subsequently, the Natural Resources, Agriculture, and Environmental Quality Appropriations Subcommittee approved a motion that DNR Internal Audit, "conduct a fee audit to evaluate the implementation of the Division's fees... comparing authorized fees to those currently being charged, identify any overcharges to the public during FY2025, and report... to the Natural Resources, Agriculture, and Environmental Quality Appropriations Subcommittee by June 2025."

RECOGNITION

During the course of the assurance engagement, DNR Internal Audit found Division Management to be very responsive. DNR Internal Audit has communicated any issues as they have been identified, and Management has already taken steps to address identified concerns. We especially appreciate the efforts of Director Scott Strong and Finance Manager Mike Mcnaughtan for their prioritization of responding to our inquiries and records requests. The auditors appreciate the cooperation of State Parks' personnel.

FINDINGS AND RECOMMENDATIONS:

Finding 1 – State Parks charged certain services over approved fee rates

We reviewed fees charged by the Division of State Parks (Division) and found that certain rates exceeded the approved fee schedule established by the Utah Legislature. As a result, the Division obtained \$69,292 in excess of approved amounts.

Our review included an analysis of transaction samples and summary reports from the Division's point-of-sale (POS) systems. After accounting for the Division's practice of calculating taxes from the total amount collected, we identified discrepancies across certain charges within six of the more than 20 approved fee categories.

- **Golf Advance Reservation Fees:** \$58,298
- **Corporate Golf Fees:** \$3,993
- **Building Rentals:** \$4,332
- **Day Use Fees:** \$1,711
- **Group Site Day Use Fees:** \$1,200
- **Group Camping Fees:** \$438
- **TOTAL:** \$69,292

Utah Code 63J-1-5 requires the Division to adhere to the fee schedule approved annually by the Legislature. The Division has not adjusted its fees for several years and sets variable rates for some services based on location and demand. The process for setting these variable rates does include a specific control to ensure the final amounts comply with the approved schedule. This has resulted in some fees being set higher than the legislatively approved maximums.

We also noted that some parks may bundle multiple approved services into a single charge which exceeds approved rates. While the total cost to the customer may be the same, itemizing these charges separately would align with the approved fee schedule.

While the fees charged in error represent an estimated 0.26% of total fee revenue during the test period, non-compliance with state law presents a risk to the Division's reputation and public trust. We have classified the continued risk as considerable and recommend the Division take immediate corrective actions.

Recommendation

We recommend the State Parks Director:

- 1.1 Establish internal controls sufficient to ensure all of the Division's charges comply with Utah Code 63J-1-5 and the approved fee schedule.
- 1.2 Identify and correct the specific rates in the Division's POS systems that exceed approved rates.
- 1.3 Annually review the Division's fee rates and seek to amend rates to reasonable rates as needed through the process established by Utah Code 63J-1-5.
- 1.4 Either assess customers taxes separately or seek approval of fee rates that account for all potential taxes.

Finding 2 – State Parks assessed certain charges not expressly included in the fee schedule

The Division of State Parks (Division) collected \$1,804 in revenue from fees that are not expressly listed in the legislatively approved fee schedule.

Utah State Code 63J-1-5(3) prohibits the Division from charging fees that have not been established through the legislative approval process. While the charges appear reasonable for the services provided, they were not approved as required by state law.

The unapproved charges identified are:

- a. **Event registration:** Total revenue \$1,480¹
- b. **Annual pass for non-resident:** Total revenue \$324²
- c. **Total:** \$1,804

The unapproved fees were likely established without a comprehensive review process to verify that all charges offered to the public are included in the approved fee schedule.

Although the revenue generated from these fees is minimal compared to the Division's total revenue, charging for services not authorized by the Legislature creates a compliance risk, which we classify as serious. Adherence to the statutory process is essential for public transparency and accountability. Therefore, we recommend the following corrective actions.

Recommendation

We recommend the State Parks Director ensure:

- 2.1 All state parks cease charging unapproved fees.
- 2.2 Event registration and non-resident annual pass related charges be removed from the POS systems until they are approved by the Legislature as part of the approved fee schedule.
- 2.3 Annually review the Division's fee rates and seek to amend rates to reasonable rates as needed through the process established by 63J-1-5.

¹ Dig Program, 4 units for \$400 each minus a 7.5% tax rate

² We noted 4 instances at \$175 each, however there were two reimbursements, so total revenue was \$350.

Finding 3 – Certain rates in the approved fee schedule lack clarity

The approved fee schedules for Fiscal Years 2025 and 2026 contain unclear rates, as a result the Division assess fees inconsistently from park to park. The lack of specificity also prevents auditors from objectively determining whether the Division is complying with the fee schedule.

The fee schedule should provide sufficient detail to ensure fees are applied consistently and transparently. However, several key rates lack this necessary clarity.

- a. **Boat Mooring:** The schedule lists rates of "\$14.00 per foot" for non-residents and "\$7.00 per foot" for residents but does not specify the time period (e.g., per day, month, or season).
- b. **Boat and RV Storage:** The schedule sets a rate of "\$200" but omits the associated time period.
- c. **Entrance Fees:** The schedule establishes resident (\$25.00) and non-resident (\$60.00) rates but does not define the basis of the charge (e.g., per person or per vehicle).

The lack of clarity undermines the transparency and accountability required in the management of public funds. To ensure fair and consistent application of all fees, we recommend corrective action.

Recommendation

We recommend the State Parks Director:

- a. Propose updates to the fee schedule during the next budgetary process to clarify all ambiguous rates. Specifically, define:
 - i. The time periods (e.g., per day, month, season) for all boat mooring and storage fees.
 - ii. The basis of charge (per person or per vehicle) for all entrance fees.
- b. Work with the Legislature to determine how these specific rates should be applied until they are more clearly defined in statute.

MANAGEMENT RESPONSE

- 1.1 The Division will establish controls to ensure the Division's charges comply with Utah Code 63J-1-5 and the approved fee schedule. The Division has begun this process, including creating an approval form which is required for a park to complete prior to adjusting fees. The process includes an approval signature from the Division's leadership team prior to the fee being changed.

The Division recognizes the error made with advanced tee-time reservation fees and began the process of refunding the charges identified as exceeding the fee schedule amount. It is important to note that with the exception of out-of-state fees, the total allowable golf fee was not exceeded, although the itemized reservation fee was exceeded. The total charged for an 18-hole round of golf with a cart, reservation fee, and sales tax was \$92 for state residents and \$102 for out-of-state residents. The maximum 18-hole round of golf with a cart, reservation fee, and sales tax is \$99.37.

- 1.2 The Division had begun the process of identifying and correcting the specific rates in the Division's POS systems that exceed approved rates. Additionally, the Division is deleting items in the POS that are outdated or no longer used. By deleting these items, future human errors will be eliminated.
- 1.3 The Division will annually review the Division's fee rates and seek to amend rates to ensure the rates cover the associated cost as needed through the process established by Utah Code 63J-1-5.
- 1.4 Rather than bundle fees in the future, the Division will provide our guests with an itemized receipt. Itemizing costs will eliminate the appearance that overcharges occurred.

Rather than providing our guests with a simple receipt, which contains the amount owed, receipts will be itemized to include the following:

Corporate Golf Fee:

- Building Rental (number of hours * building rental rate):
- Equipment Rental (tables, chairs, golf carts * equipment rental rate):
- Staff Time (event planning, building and course setup, building and course clean-up hours * staff time rate):
- Sales Tax:
- Grand Total:

Building Rental:

- Building Rental (number of hours * building rental rate):
- Equipment Rental (number of tables and chairs * equipment rental rate):
- Staff Time (planning, building setup, building cleaning hours * staff time rate):
- Entrance Fees (number of guests or guest vehicles * day-use fee):
- Sales Tax:
- Grand Total:

Day-Use Fees:

- Entrance Fees (number of guests or guest's vehicles * day-use fee):
- Sales Tax:
- Grand Total:

Group Site Day-Use Fees:

- Staff Time (planning, site setup, site cleaning hours * staff time rate):
- Entrance Fees (number of guests or guest vehicles * day-use fee):
- Sales Tax:
- Grand Total:

Group Camping Fees:

- Staff Time (planning, site setup, site cleaning hours * staff time rate):
- Sales Tax:
- Grand Total:

- 2.1 The Division is committed to following the approved fee schedule, including identifying controls that eliminate human errors such as selecting a wrong charge code.
- 2.2 The Division will remove event registrations and non-resident annual passes from the POS database. It is important to note that the "DIG Program" fees should have been itemized to include staff time, vehicles, and equipment. If the itemized charges were included in the total charge, the charge likely would have fallen within the allowable fee schedule amounts.
- 2.3 The Division will annually review the Division's fee rates and seek to amend rates so that the charge is sufficient to cover the associated expense as required by 63J-1-5.
- 3.1 and 3.2 The Division is committed to working with the Legislature and other stakeholders to clarify all the rates listed under the fee schedule. The added clarification will include out-of-state fees.